

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name LODI TOWNSHIP	County WASHTENAW
Audit Date MARCH 31, 2004	Opinion Date JUNE 7, 2004	Date Accountant Report Submitted to State: JUNE 11, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as advised.
2. We are certified public accountants registered to practice in Michigan.


We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) ROBERTSON, EATON & OWEN, P.C.			
Street Address 121 NORTH MAIN STREET	City ADRIAN	State MI	ZIP 49221
Accountant Signature 			

**LODI TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

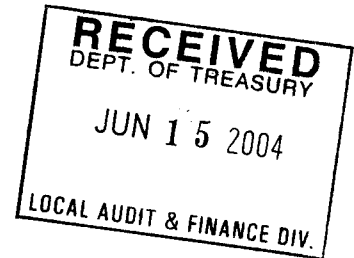
FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2004

**WITH
INDEPENDENT AUDITORS' REPORT**

June 7, 2004

Board of Trustees
Lodi Township
Washtenaw County, Michigan



This letter discusses the upcoming conversion of the Township's financial statements to meet the reporting requirements under Governmental Accounting Standards Board (GASB) Pronouncement 34.

For the year ending March 31, 2005, Lodi Township will need to meet the following requirements:

1. On a full accrual financial statement, the Township will report all fixed assets owned by the Township. This would include all land, buildings, equipment, and any other possible assets owned by the Township.

Related depreciation expense will also have to be determined.

2. Any long-term general obligation debt or long-term liabilities would be reported. The Township currently has no long-term general obligation debt or liability.
3. The Township will be providing a Management's Discussion and Analysis (MD&A) letter. This letter will discuss the financial figures in the audit report and provide information on future financial activity.

We will work with the Township Clerk and other Township officials on the above requirements. The fixed assets, for the most part, can be obtained from general fixed asset records or insurance evaluations. And, we will assist in the preparation of the MD&A letter.

If you have any questions on GASB Statement No. 34 and the financial reporting by the Township on next year's audit report, give me a call.

Sincerely,

ROBERTSON, EATON & OWEN, P.C.

A handwritten signature in black ink, appearing to be "G. Owen", written over a horizontal line.

Gary Owen

**LODI TOWNSHIP
WASHTENAW COUNTY, MICHIGAN
INDEPENDENT AUDITORS' REPORT
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June 7, 2004

INDEPENDENT AUDITORS' REPORT

Lodi Township
Washtenaw County, Michigan

We have audited the accompanying general purpose financial statements of Lodi Township, Washtenaw County, Michigan as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of Lodi Township, Washtenaw County, Michigan's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Lodi Township, Washtenaw County, Michigan as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of Lodi Township, Washtenaw County, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Robertson, Eaton & Owen, P.C.

**LODI TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP

**March 31, 2004
With Comparative Totals for March 31, 2003**

GOVERNMENTAL FUND TYPE

<u>ASSETS</u>	<u>General Fund</u>
Cash	\$ 14,526
Investments	2,000,921
Receivables:	
Accounts receivable	858
Delinquent taxes	23,192
Accrued interest receivable	4,259
Due from other funds	32,669
General fixed assets	
Prepaid expenses	333
 Total assets	 <u>\$ 2,076,758</u>
 <u>LIABILITIES AND FUND EQUITY</u>	
Liabilities:	
Accounts payable	\$ 55,164
Trailer deposits	2,000
Due to other funds	
Due to other governmental units	
Escrow accounts	1,247
Deferred revenue	6,315
 Total liabilities	 <u>64,726</u>
 Fund balances:	
Investment - General Fixed Assets	
Restricted - Cemetery Trust	
Unrestricted	<u>2,012,032</u>
 Total fund balances	 <u>2,012,032</u>
 Total liabilities and fund equity	 <u>\$ 2,076,758</u>

FIDUCIARY FUND TYPE**ACCOUNT GROUP****Totals****Memorandum Only****Trust & Agency Fund****General Fixed Assets****2004****2003**\$ 134,898
27,845

\$

\$ 149,424
2,028,766\$ 135,663
2,001,465

858

849

23,192

24,697

4,259

3,512

32,669

31,345

354,946

354,946

354,140

333

3,927

\$ 162,743\$ 354,946\$ 2,594,447\$ 2,555,598

\$

\$

\$ 55,164

\$ 60,926

2,000

3,000

32,669

32,669

31,345

57,839

57,839

51,343

1,247

5,472

6,315

4,863

90,508-155,234156,949

354,946

354,946

354,140

72,235

72,235

70,248

2,012,0321,974,26172,235354,9462,439,2132,398,649\$ 162,743\$ 354,946\$ 2,594,447\$ 2,555,598

**LODI TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUND TYPE AND EXPENDABLE TRUST FUND**

**For the Year Ended March 31, 2004
With Comparative Totals for the Year Ended March 31, 2003**

	<u>GOVERNMENTAL FUND TYPE</u>	<u>EXPENDABLE TRUST FUND</u>	<u>Totals</u>	
	<u>General Fund</u>	<u>Cemetery Trust Fund</u>	<u>Memorandum Only</u>	<u>2003</u>
Revenues:				
Property taxes	\$ 287,726	\$	\$ 287,726	\$ 276,069
Special assessments	146,315		146,315	149,347
Licenses and permits	28,591		28,591	27,858
Intergovernmental revenues	393,022		393,022	422,850
Charges for services	36,502		36,502	34,802
Sale of cemetery lots		3,000	3,000	4,500
Interest	45,864	387	46,251	62,748
Miscellaneous revenues	<u>15,128</u>	<u></u>	<u>15,128</u>	<u>29,511</u>
Total revenues	<u>953,148</u>	<u>3,387</u>	<u>956,535</u>	<u>1,007,685</u>
Expenditures:				
General government	248,256		248,256	244,114
Public safety	414,830		414,830	403,483
Highways, streets, and bridges	228,446		228,446	189,555
Sanitation	17,725		17,725	19,663
Other	<u>7,520</u>	<u></u>	<u>7,520</u>	<u>5,359</u>
Total expenditures	<u>916,777</u>	<u>-</u>	<u>916,777</u>	<u>862,174</u>
Excess of revenues over expenditures	<u>36,371</u>	<u>3,387</u>	<u>39,758</u>	<u>145,511</u>
Other financing sources (uses):				
Transfers in	1,400		1,400	
Transfers out	<u></u>	<u>(1,400)</u>	<u>(1,400)</u>	<u></u>
Total other financing sources (uses)	<u>1,400</u>	<u>(1,400)</u>	<u>-</u>	<u>-</u>
Excess of revenues and other financing sources over expenditures and other financing (uses)	37,771	1,987	39,758	145,511
Fund balances - beginning of year	<u>1,974,261</u>	<u>70,248</u>	<u>2,044,509</u>	<u>1,898,998</u>
Fund balances - end of year	<u>\$ 2,012,032</u>	<u>\$ 72,235</u>	<u>\$ 2,084,267</u>	<u>\$ 2,044,509</u>

**LODI TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND**

**For the Year Ended March 31, 2004
With Comparative Totals for the Year Ended March 31, 2003**

	GENERAL FUND			
	<u>Budget</u>	<u>2004 Actual</u>	<u>Variance Over (Under)</u>	<u>2003 Actual</u>
Revenues:				
Property taxes	\$ 289,000	\$ 287,726	\$ (1,274)	\$ 276,069
Special assessment – fire	142,400	142,396	(4)	134,452
Special assessment	<u>3,900</u>	<u>3,919</u>	<u>19</u>	<u>14,895</u>
Total special assessments	<u>146,300</u>	<u>146,315</u>	<u>15</u>	<u>149,347</u>
Licenses and permits:				
Cable TV franchise fee	24,000	25,266	1,266	26,971
Trailer park fees	1,700	3,277	1,577	845
Dog license fees	<u>50</u>	<u>48</u>	<u>(2)</u>	<u>42</u>
Total licenses and permits	<u>25,750</u>	<u>28,591</u>	<u>2,841</u>	<u>27,858</u>
Intergovernmental revenues:				
State sales and income tax	405,000	390,481	(14,519)	421,509
Liquor control	1,300	1,377	77	1,341
Metro Act 48	<u> </u>	<u>1,164</u>	<u>1,164</u>	<u> </u>
Total intergovernmental revenues	<u>406,300</u>	<u>393,022</u>	<u>(13,278)</u>	<u>422,850</u>
Charges for services:				
Tax collection fees	12,500	13,847	1,347	12,020
Zoning fees and appeals	5,000	6,550	1,550	9,000
Recycling activities	4,500		(4,500)	4,432
Private road and site plan inspections/reviews	<u>11,000</u>	<u>16,105</u>	<u>5,105</u>	<u>9,350</u>
Total charges for services	<u>33,000</u>	<u>36,502</u>	<u>3,502</u>	<u>34,802</u>
Interest	<u>45,000</u>	<u>45,864</u>	<u>864</u>	<u>60,813</u>
Miscellaneous revenues:				
Court fees and fines	25,000	4,960	(20,040)	20,571
Fire protection revenue	6,000	4,217	(1,783)	5,998
Miscellaneous	2,000	5,271	3,271	1,747
Land split application fees	<u> </u>	<u>680</u>	<u>680</u>	<u>1,195</u>
Total miscellaneous revenues	<u>33,000</u>	<u>15,128</u>	<u>(17,872)</u>	<u>29,511</u>
Total revenues	<u>978,350</u>	<u>953,148</u>	<u>(25,202)</u>	<u>1,001,250</u>

**LODI TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND**

**For the Year Ended March 31, 2004
With Comparative Totals for the Year Ended March 31, 2003**

GENERAL FUND				
	<u>Budget</u>	<u>2004 Actual</u>	<u>Variance Over (Under)</u>	<u>2003 Actual</u>
Expenditures:				
General Government:				
Trustees	\$ 8,200	\$ 5,576	\$ 2,624	\$ 7,995
Supervisor	28,300	28,104	196	27,347
Clerk/Deputy Clerk	34,900	33,598	1,302	33,882
Treasurer/Deputy Treasurer	28,500	26,800	1,700	26,166
Assessor	39,500	33,839	5,661	30,280
Computer support	11,500	6,421	5,079	3,040
Township Hall and equipment	25,075	21,952	3,123	16,922
Elections	3,300	623	2,677	8,111
Boards of Review, Appeals, and Planning Commission	21,300	17,726	3,574	19,861
Legal/professional fees	48,500	27,159	21,341	31,839
Postage, printing, and supplies	11,100	11,413	(313)	7,252
Tax billings	300	7,581	(7,281)	210
Publishing notices	2,000	449	1,551	1,937
Insurance/bonds	16,000	15,881	119	11,298
Association dues and fees	6,500	5,594	906	5,681
Payroll taxes	8,400	8,497	(97)	8,506
Miscellaneous	1,000	331	669	274
Engineering services	3,000	(3,288)	6,288	3,513
Total General Government	<u>297,375</u>	<u>248,256</u>	<u>49,119</u>	<u>244,114</u>
Public Safety:				
Public protection	161,400	186,470	(25,070)	157,234
Fire protection	228,405	224,418	3,987	238,161
Site plan/zoning inspections	7,500		7,500	4,170
Corner lot markers	425		425	
Street lights	4,600	3,942	658	3,918
Total Public Safety	<u>402,330</u>	<u>414,830</u>	<u>(12,500)</u>	<u>403,483</u>
Highways and streets	<u>233,100</u>	<u>228,446</u>	<u>4,654</u>	<u>189,555</u>
Sanitation:				
Recycling	19,950	17,725	2,225	11,816
Clean-up day				7,847
Total Sanitation	<u>19,950</u>	<u>17,725</u>	<u>2,225</u>	<u>19,663</u>
Total expenditures	<u>952,755</u>	<u>909,257</u>	<u>43,498</u>	<u>856,815</u>

**LODI TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND**

**For the Year Ended March 31, 2004
With Comparative Totals for the Year Ended March 31, 2003**

	GENERAL FUND			
	<u>Budget</u>	<u>2004 Actual</u>	<u>Variance Over (Under)</u>	<u>2003 Actual</u>
Total expenditures carried forward	<u>\$ 952,755</u>	<u>\$ 909,257</u>	<u>\$ 43,498</u>	<u>\$ 856,815</u>
Other:				
Cemetery care	5,900	7,520	(1,620)	5,359
Miscellaneous	<u>19,695</u>		<u>19,695</u>	
Total other	<u>25,595</u>	<u>7,520</u>	<u>18,075</u>	<u>5,359</u>
Total expenditures	<u>978,350</u>	<u>916,777</u>	<u>61,573</u>	<u>862,174</u>
Excess of revenues over expenditures		36,371		139,076
Other financing sources:				
Operating transfer in	<u>1,400</u>	<u>1,400</u>		
Excess of revenues and other financing sources over expenditures		37,771		139,076
Fund balance - beginning of year		<u>1,974,261</u>		<u>1,835,185</u>
Fund balance - end of year		<u>\$ 2,012,032</u>		<u>\$ 1,974,261</u>

**LODI TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Lodi Township, Washtenaw County, Michigan conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies.

A. FUND ACCOUNTING

The accounts of the Township are organized on the basis of funds and account group, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into two generic fund types and two broad fund categories as follows:

GOVERNMENTAL FUNDS

GENERAL FUND - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

FIDUCIARY FUND

TRUST AND AGENCY FUNDS - Trust and Agency Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include Expendable Trust and Trust and Agency Funds. Expendable Trust Funds are accounted for in essentially the same manner as governmental funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

B. FIXED ASSETS AND LIABILITIES

The accounting and reporting treatment applied to the fixed assets and liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

**LODI TOWNSHIP
WASHTENAW COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS**

March 31, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters; streets and sidewalks, drainage systems, and lighting systems, are not capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

The account group is not a "fund". It is concerned only with the measurement of financial position. It is not involved with measurement of results of operations.

C. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds and expendable trusts are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

D. INVESTMENTS

All invested money of the Township is in certificates of deposit and money market accounts and is shown at cost in the financial statements.

E. COMPARATIVE DATA

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Township's financial position and operations.

**LODI TOWNSHIP
WASHTENAW COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS**

March 31, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. PROPERTY TAXES

The Township property tax is levied on each December 1 on the taxable value of property located in the Township as of the preceding December 31.

The Township's 2003 ad valorem tax was levied and collectible on December 1, 2003. It is the Township's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are made available for the financing of Township operations. Payment from the County Delinquent Tax Fund, which purchases the 2003 delinquent real property taxes, is recorded as a receivable and recognized as revenue in the current fiscal year.

G. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. TOTAL COLUMNS ON COMBINED STATEMENTS - OVERVIEW

Total columns on the Combined Statements - Overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. LODI TOWNSHIP - REPORTING ENTITY

The Township of Lodi is a noncharter township, governed by a Board of Trustees. As required by generally accepted accounting principles, these financial statements present Lodi Township as a primary government. There are no component units to the Township.

Lodi Township is contractually involved in a governmental joint venture with the Saline Area Fire Department. (See Note 6). The Saline Area Fire Department is a separate reporting entity. (The most current audit available is for the year ended June 30, 2003.) Lodi Township only includes its share of costs in these financial statements.

**LODI TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

3. GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>Balance</u> <u>April 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>March 31, 2004</u>
Land	\$ 30,050	\$	\$	\$ 30,050
Building	222,935			222,935
Furniture, fixtures, and equipment	<u>101,155</u>	<u>4,169</u>	<u>3,363</u>	<u>101,961</u>
	<u>\$ 354,140</u>	<u>\$ 4,169</u>	<u>\$ 3,363</u>	<u>\$ 354,946</u>

4. BUDGETS AND BUDGETARY ACCOUNTING

P.A. 621 of 1978, Section 18 (1), as amended, provides that a local unit of government shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a line item basis. The approved budgets of the Township for these budgetary funds were adopted at the line item level and adopted on a basis consistent with generally accepted accounting principles (GAAP).

No overall fund incurred expenditures in excess of budget.

5. INTERFUND RECEIVABLES AND PAYABLES

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	<u>\$ 32,669</u>	Tax Collection	<u>\$ 32,669</u>

6. CONTRACTUAL COMMITMENT - SALINE AREA FIRE DEPARTMENT

The Township is a participant with the City of Saline and the Townships of Saline and York in the operations of the Saline Area Fire Department (the SAFD), a volunteer fire department organized for the purpose of providing fire protection for the City and Townships. The SAFD is governed by an eight-member Board whose directors are selected and approved by the respective City and Township Boards. The Board annually approves an operating budget for the SAFD and is responsible for all operating and financing decisions of the SAFD.

**LODI TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

6. CONTRACTUAL COMMITMENT - SALINE AREA FIRE DEPARTMENT (Continued)

Under the terms of the agreement, the Township pays a percentage of the cost of capital outlay and operating expenditures for the Fire Department. This percentage, which is currently 32.3%, is reviewed and adjusted as necessary on an annual basis based upon real and personal state equalized value, service area, population, miles of roads, and family dwelling units.

The ownership of all personal property and an equitable interest in all real estate acquired by the Fire Department is vested in the Township in direct proportion to the contribution made by the Township to the cost of the related real and personal property. If the agreement is terminated by the Township by notice of withdrawal, the capital interest of the Township will be returned to the Township in five equal annual installments commencing one year after the date of withdrawal, plus interest at the rate of 6% per annum on the unpaid balance.

Condensed financial information related to the SAFD as of June 30, 2003, is as follows:

	GOVERNMENTAL FUND TYPES		ACCOUNT GROUP	
	General Fund	Capital Project	Fixed Assets	Totals (Memorandum Only)
Balance sheet:				
Total assets	\$ 300,809	\$ 374,579	\$ 1,194,446	\$ 1,869,834
Total liabilities	\$ 154,136	\$ 30,240	\$	\$ 184,376
Fund balance	146,673	344,339	1,194,446	1,685,458
Total liabilities and fund equity	\$ 300,809	\$ 374,579	\$ 1,194,446	\$ 1,869,834
	General Fund	Capital Project		
Statement of Revenue, Expenditures and Changes in Fund Balance:				
Revenue	\$ 684,544	\$ 68,346		
Expenditures	673,903	217,118		
Excess (deficiency) of revenues over (under) expenditures	10,641	(148,772)		
Other financing sources:				
Proceeds from long term debt issue		200,000		
Excess of revenues and other financ- ing sources over expenditures	10,641	51,228		
Fund balance - July 1, 2002	136,032	293,111		
Fund balance - June 30, 2003	\$ 146,673	\$ 344,339		

**LODI TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

7. DEPOSITS AND INVESTMENTS

DEPOSITS - At year end, the carrying amount of the Township's deposits was \$149,424 and the bank balance was \$170,276. All of the bank balance of \$168,264 was covered by federal depository insurance.

INVESTMENTS - The Township's investments are categorized based upon the level of risk assumed by the Township at March 31, 2004. Category 1 includes investments that are subject to federal insurance, registered or for which the securities are held by the Township or its agent in the Township's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department in the Township's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the bank or dealer, or by its trust department, but not in the Township's name. The \$1,572,009 in money market and certificates of deposit as of March 31, 2004 are Category 1 investments, of which \$703,971 of the money market and certificates of deposit accounts were covered by federal depository insurance, and the remaining \$868,038 was uninsured and uncollateralized. The Township has a Category 3 investment consisting of a Repurchase Agreement for \$456,757.

Investments at March 31, 2004 consist of the following Certificates of Deposit and Money Market Accounts:

<u>Bank</u>	<u>Fund</u>	<u>Interest Rate</u>	<u>Amount</u>
Certificates of Deposit:			
Ann Arbor Commerce Bank	General	2.97%	\$ 105,356
Ann Arbor Commerce Bank	General	2.23	200,000
Bank of Washtenaw	General	4.0	100,000
Bank of Washtenaw	General	1.65	107,978
Bank of Washtenaw	General	1.90	107,620
United Bank & Trust	General	1.24	113,895
Citizens Bank	General	1.25	300,000
KeyBank	Cemetery	Var	27,845
Money Market Accounts:			
University Bank	General	2.1	105,345
Bank of Ann Arbor	General	1.04	148,678
Bank One	General	Var	255,292
Repurchase Agreements:			
Bank of Washtenaw*	General		<u>456,757</u>
			<u>\$ 2,028,766</u>

*The Repurchase Agreement is secured by:

Federal Home Loan Mortgage Bond
CUSIP #3133TJDV2
Matures October 15, 2006
Held at Federal Reserve Bank of Chicago via Detroit Branch

**LODI TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

COMBINING BALANCE SHEET - ALL FIDUCIARY FUNDS

**March 31, 2004
With Comparative Totals for March 31, 2003**

<u>ASSETS</u>	<u>EXPENDABLE TRUST FUND</u>	<u>AGENCY FUNDS</u>	<u>Totals</u>	
	<u>Cemetery Trust Fund</u>	<u>Tax Collection Fund</u>	<u>Memorandum Only 2004</u>	<u>2003</u>
Cash	\$ 44,390	\$ 90,508	\$ 134,898	\$ 125,258
Investments	<u>27,845</u>	<u> </u>	<u>27,845</u>	<u>27,678</u>
Total assets	<u>\$ 72,235</u>	<u>\$ 90,508</u>	<u>\$ 162,743</u>	<u>\$ 152,936</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Due to other funds	<u>\$ -</u>	\$ 32,669	\$ 32,669	\$ 31,345
Due to other governmental units	<u> </u>	<u>57,839</u>	<u>57,839</u>	<u>51,343</u>
Total liabilities	<u>-</u>	<u>90,508</u>	<u>90,508</u>	<u>82,688</u>
<hr/>				
Fund balance	<u>72,235</u>	<u> </u>	<u>72,235</u>	<u>70,248</u>
Total liabilities and fund balance	<u>\$ 72,235</u>	<u>\$ 90,508</u>	<u>\$ 162,743</u>	<u>\$ 152,936</u>

**LODI TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
TAX COLLECTION FUND**

For the Year Ended March 31, 2004

<u>ASSETS</u>	<u>Balance April 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31, 2004</u>
Cash	<u>\$ 82,688</u>	<u>\$ 8,758,042</u>	<u>\$ 8,750,222</u>	<u>\$ 90,508</u>
Total assets	<u>\$ 82,688</u>	<u>\$ 8,758,042</u>	<u>\$ 8,750,222</u>	<u>\$ 90,508</u>
<u>LIABILITIES</u>				
Due to other funds	\$ 31,345	\$ 32,669	\$ 31,345	\$ 32,669
Due to other governmental units	<u>51,343</u>	<u>8,725,373</u>	<u>8,718,877</u>	<u>57,839</u>
Total liabilities	<u>\$ 82,688</u>	<u>\$ 8,758,042</u>	<u>\$ 8,750,222</u>	<u>\$ 90,508</u>